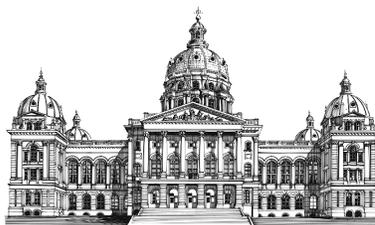

Iowa Legislative Fiscal Bureau

Dennis Prouty
(515) 281-5279
FAX 281-8451



State Capitol
Des Moines, IA 50319
September 20, 2001

I
S
S
U
E

R
E
V
I
E
W

Iowa's Nursing Shortage

ISSUE

This *Issue Review* provides a comprehensive overview of the current nursing shortage in Iowa.

AFFECTED AGENCIES

Iowa Department of Public Health, Board of Nursing

CODE AUTHORITY

Chapter 147.12, Code of Iowa

BACKGROUND

Many states are currently facing a growing nursing shortage. While nursing shortages have existed in the past, studies indicate the reasons for the shortage are different from past shortages. Experts cite many factors that have contributed to the current nursing shortage.

- The supply of nurses is decreasing at the same time demand is increasing due to the aging of our population and the health problems associated with it, including prevention of chronic illness and injuries to end-of-life care. The supply of nurses is currently unable to keep pace with this demand. Contributing to the lack of supply is the aging of nurses and the fact that many are retiring or close to retirement.
- Low reimbursement rates for Medicare and Medicaid have not allowed health care facilities to adequately retain, recruit, and compensate nursing staff. Faced with tight budgets, many facilities have had to lay nurses off, placing an even greater workload on the remaining nursing workforce.
- Emotionally and physically demanding work environments are causing nurses to feel overworked and leave the direct care setting or leave the nursing profession completely.
- The declining enrollment in nursing schools is contributing to fewer nurses entering the profession. The declining enrollment is attributed to the many career

choices available to women that have historically been the mainstay of the nursing profession.

CURRENT SITUATION

Several organizations in Iowa have been closely studying the nursing shortage. These organizations include: the Iowa Council of Nurses (ICON), the Iowa Hospital Association, the Iowa Board of Nursing, the Iowa Caregivers Association, the newly appointed Governor's Nursing Shortage Taskforce, and others. The ICON conducted research regarding the nursing shortage and produced a comprehensive report, "Nursing Workforce Initiative", that provided a summary of a statewide survey funded by nurses and nursing organizations. The survey of hospitals, long-term care facilities, ambulatory clinics, and home health/public health agencies projects a current shortfall of more than 2,500 Registered Nurses in the State despite the fact that over 200 additional nurses have joined the Iowa workforce each of the past nine years. In addition, more than 700 vacancies are projected for Licensed Practical Nurses and over 2,600 vacancies are projected for non-licensed staff. (See **Attachment A**)

Iowa Demographics

According to the United States Census Bureau, Iowa's year 2000 population was estimated to be 2,926,000. A total of 61.0% of Iowa's population lives in urban areas (cities with 2,500+ population) and the remaining 39.0% live in rural areas. Woods and Poole Economics Incorporated estimated that in the year 2000, approximately 430,000 Iowans were age 65 and older. By the year 2010, the number of Iowans age 65 and older is estimated to grow by 7.5% to approximately 462,000 people. On the opposite end of the spectrum, Woods and Poole estimated the population of Iowans age 20-24 to be approximately 197,000. This number is projected to rise, at a rate less than half that of the estimated increase of Iowans 65 and older. By the year 2010, the number of Iowans age 20-24 is projected to increase approximately 2.7% to an estimated 203,000 people.

Iowa's Nursing Population

December 2000 data provided by the Iowa Board of Nursing indicate that approximately 38,400 Registered Nurses (RNs) and 9,400 Licensed Practical Nurses (LPNs) hold active licenses in Iowa. However, only approximately 83.0% of the active licensed RN's and 72.0% of LPNs are currently working in nursing. A total of 59.0% of RNs work full-time while 24.0% work part-time. Approximately 52.0% of LPNs are employed full-time while 20.0% work part-time. In the survey conducted by ICON, respondents were asked the question, "What do you think would encourage part-time staff to increase hours worked?" Higher salaries, flexible staffing, and dependent care received the greatest number of responses.

The average age of a nurse in Iowa is 46, which is also very close to the national average. Currently, 69.0% of active licensed RN's in Iowa are older than age 40. By the year 2011, 60.0% of Iowa's RNs with current active licenses will be age 50 or older. According to Iowa Board of Nursing statistics, by the year 2004, approximately 3,100 Iowa nurses will reach retirement age increasing the loss to the nursing profession from approximately 570 to 630 nurses annually. Data from the Iowa Board of Nursing further demonstrate that approximately 84.0% of Iowa's RNs and LPNs are employed in four areas: hospitals, long term care, ambulatory clinics, and home health/public health. Hospitals in Iowa employ approximately 62.2% of the nursing workforce, and 8.6% of Iowa

nurses are employed in long-term care, while 8.1% work in ambulatory clinics, and 5.4% are employed in the home health/public health arena. Approximately 86.0% of nurses holding current active licenses in Iowa are employed while the national percentage is 83.0%. The nursing workforce in Iowa is comprised of 4.0% men, 1.0% minorities, and 95.0% women. Nurses in Iowa are paid an average of \$20 per hour with the average beginning wage at \$14 per hour. When compared to the rest of the nation, Iowa ranks 50th in nursing pay. (See **Attachments B and C**, which show average annual salaries of all registered nurses and average annual salaries of staff registered nurses respectively by state.) Table I shows the major employers of nurses in Iowa.

Table I
Major Employers of Nurses in Iowa

Employers	Percent Employed
Hospitals	62.2%
Long-Term Care	8.6
Ambulatory Clinics	8.1
Home Health/Public Health	5.4
Other	15.7
Total	100.0%

Medicare and Medicaid Reimbursements

Because of historical inequities, Iowa hospitals receive one of the lowest Medicare reimbursement rates of any state. Data from a March 2001 report to Congress shows Iowa hospitals have the poorest Medicare margin (-6.5%). This directly affects hospitals' ability to attract and retain qualified health care professionals, as higher Medicare reimbursement rates allow surrounding states to pay more competitive wages. This is especially true in border communities where it is common for Iowa health care workers to seek employment in facilities across the border, further depleting Iowa's potential employment pool. Similarly, Medicaid payments are important for Iowa hospitals to retain employees. Inflationary payment updates under both Medicaid and Medicare are essential components for hospitals given the resources needed to pay competitive salaries and maintain needed community healthcare services.

Workplace Environment

According to research conducted by the Iowa Council of Nurses and other interested healthcare entities, dissatisfaction and/or concerns about the workplace environment continue to be a significant factor in the retention of nurses. Specific concerns include:

- Wage and benefit packages
- Lack of respect for the profession
- Lack of voice in patient care decisions
- Lack of recognition for the provision of high quality care
- Lack of adequate staffing and workload expectations
- Shift hours and overtime
- Workplace safety
- Time spent away from patients - documentation and regulatory functions

Nursing Education

A total of 14 of the 15 community colleges, the University of Iowa, and 15 private colleges/universities in Iowa have nursing education programs. The most common degrees that nursing students pursue are a Bachelor's of Science in Nursing (BSN), Associates Degree in Nursing (ADN), a master's degree, or a doctorate. The Bachelor's degree is obtained at a four-year institution, while the Associates degree is obtained at a two-year institution. **Table II** details admissions into pre-licensure registered nursing programs in Iowa over the past six school years, while **Table III** provides data on the number of pre-licensure RN graduates for the same time period.

TABLE II
Admissions into RN programs

Basic Nursing Programs	1994 1995	1995 1996	1996 1997	1997 1998	1998 1999	1999 2000	Percent Change from 94-95 to 99-00
ADN	994	1,055	999	1,034	961	963	-3.1%
BSN	594	538	423	451	429	434	-26.9%
Diplomas*	237	82	33	0	0	0	-100.0%
Total	1,825	1,675	1,455	1,485	1,390	1,397	-23.5%

* Diploma programs in the State have closed.

The data in **Table II** demonstrate that almost twice as many nursing students in Iowa are attending two-year programs rather than four-year programs, despite the fact that employers have indicated a desire to recruit nurses with four-year degrees. **Table II** also indicates that overall, admissions into basic nursing programs are down approximately 24.0% over the last six years. Admissions into practical nursing programs (one-year program) are down 7.7% over the last six years. This not only has an impact on the supply of LPNs, but it also leads to a reduction in the number of RNs as almost 60.0% of LPNs go on to become RNs.

**TABLE III
RN Graduations**

Basic Nursing Programs	1994	1995	1996	1997	1998	1999	Percent Change from 94-95 to 99-00
	1995	1996	1997	1998	1999	2000	
ADN	1,038	1,106	875	894	818	879	-15.3%
BSN	429	443	475	421	436	357	-16.8%
Diplomas*	266	238	201	136	14	0	-100%
Total	1,733	1,787	1,551	1,451	1,268	1,236	-26.8%

* Diploma programs in the State have closed.

Table III shows that graduation from RN programs is down approximately 27.0% over the last six years. A decline can also be seen in practical nursing (LPN) programs. Attrition from nursing programs also exacerbates the problem.

Current Efforts to Address Nursing Shortage

Only recently have organizations in Iowa initiated efforts to address the growing nursing shortage. The Iowa Hospital Association, the Iowa Council of Nurses, the Iowa Caregivers Association, the Iowa Board of Nurses, and the Governor's Nursing Shortage Taskforce have all either conducted or reviewed research to assist in understanding and addressing the problem. All interested parties are currently working together to arrive at a consensus on recommendations that will attempt to ameliorate the shortage. While recommendations are forthcoming, the list below includes the recommendations that were recurring in the studies.

1. Establish a central office within State government charged with working with nurses and healthcare organizations to develop and implement a workforce prediction model for nursing (inclusive of unlicensed personnel), and develop/implement strategies that result in the right supply of competent individuals to ensure the public health, safety and welfare of all Iowans.
2. Improve the current nursing workplace environment.
3. Improve Medicare and Medicaid reimbursement with clear expectations that increases will result in improved compensation for direct care staff.
4. Establish Designated Shortage Areas for Nurses with scholarships, and loan forgiveness programs.
5. Ensure that documentation and reporting requirements of nursing staff are essential to improve patient outcomes.

SOURCES:

Iowa Department of Public Health
Iowa Board of Nursing
Iowa Council of Nursing
Iowa Hospital Association
Iowa Caregivers Association
Iowa Nurses Association

STAFF CONTACT: Russ Trimble (1-4613)

Iowa's Nursing Shortage
<http://staffweb.legis.state.ia.us/lfb/IREVIEW/irview.htm>
LFB:IRRIT000.Doc/10/05/01/9:20 am/all

Projecting vacancies for all hospitals, home health/public health agencies, long term care and ambulatory clinics was done by using the same vacancy ratio for all settings as reported by the 389 respondents. Projections for the state are shown in Tables #6, #7, and #8.

Table 6		Table 7	
Projected RN Vacancies For Iowa		Projected LPN Vacancies For Iowa	
Hospitals	1,460	Hospitals	158
Ambulatory Clinics	303	Ambulatory Clinics	95
HH/PH	164	HH/PH	49
Long Term Care	589	Long Term Care	408
Total	2516	Total	710

	Table 8	
	Non-Licensed Staff Vacancies	
	Reported	Projected
Hospitals (111)	354	387
Ambulatory	23	136
HH/PH	99	324
Long Term Care	638	1,797
Total	1,124	2,644

Vacancies for all settings include both full time and part time positions. In all settings, part time staff worked an overall average of 20 hours per week.

The non-licensed staff category includes certified nursing assistants, home health aides, and certified medical assistants. Ambulatory settings reported using both non-licensed staff and certified medical assistants, as well as RNs and LPNs. Several indicated a trend to replace RNs with certified medical assistants due to cost.

A. Average Annual Salaries of Registered Nurses, Nationally and by State, March 2000

State	Average Salary	State	Average Salary
United States	46,782.20		
Alabama	42,181.80	Montana	40,326.50
Alaska	51,225.60	Nebraska	41,015.10
Arizona	44,419.50	Nevada	47,597.00
Arkansas	40,968.50	New Hampshire	42,581.80
California	55,296.00	New Jersey	51,351.10
Colorado	45,208.50	New Mexico	43,216.70
Connecticut	53,443.00	New York	53,072.00
Delaware	48,337.20	North Carolina	44,826.90
District of Columbia	57,344.30	North Dakota	40,864.10
Florida	45,974.40	Ohio	43,886.50
Georgia	45,471.30	Oklahoma	43,128.60
Hawaii	52,937.70	Oregon	46,770.50
Idaho	43,384.80	Pennsylvania	45,848.40
Illinois	45,546.60	Rhode Island	48,314.30
Indiana	42,903.30	South Carolina	44,426.70
Iowa	37,622.00	South Dakota	39,076.80
Kansas	39,851.40	Tennessee	43,663.80
Kentucky	40,994.30	Texas	44,916.00
Louisiana	47,240.50	Utah	43,607.20
Maine	43,477.60	Vermont	41,567.10
Maryland	50,368.40	Virginia	46,276.90
Massachusetts	51,247.20	Washington	49,672.10
Michigan	46,847.20	West Virginia	39,495.30
Minnesota	47,621.40	Wisconsin	44,477.60
Mississippi	42,558.00	Wyoming	38,306.40

Source: National Sample Survey of Registered Nurses, March 2000

HIGHS & LOWS

District of Columbia \$57,344.30

Iowa \$37,622.00

B. Average Annual Salaries of Staff Nurses (RN), Nationally and by State, March 2000

State	Average Salary	State	Average Salary
United States	42,133.40		
Alabama	37,106.00	Montana	35,720.80
Alaska	47,732.30	Nebraska	35,781.20
Arizona	40,544.60	Nevada	43,794.00
Arkansas	36,671.50	New Hampshire	38,890.50
California	51,234.90	New Jersey	47,427.50
Colorado	40,269.00	New Mexico	39,237.70
Connecticut	47,713.40	New York	48,438.40
Delaware	44,260.50	North Carolina	39,910.90
District of Columbia	51,418.10	North Dakota	35,157.80
Florida	41,253.40	Ohio	40,220.60
Georgia	40,359.70	Oklahoma	37,954.80
Hawaii	50,170.70	Oregon	42,908.80
Idaho	37,880.50	Pennsylvania	40,429.00
Illinois	40,178.80	Rhode Island	45,815.80
Indiana	38,934.50	South Carolina	40,242.40
Iowa	33,604.10	South Dakota	34,124.20
Kansas	36,008.60	Tennessee	38,261.90
Kentucky	35,766.50	Texas	40,471.00
Louisiana	42,116.90	Utah	38,054.20
Maine	40,654.40	Vermont	37,516.60
Maryland	44,891.00	Virginia	41,267.00
Massachusetts	47,502.20	Washington	47,407.90
Michigan	42,824.60	West Virginia	36,575.40
Minnesota	42,721.70	Wisconsin	38,685.00
Mississippi	38,210.50	Wyoming	34,958.10

Source: National Sample Survey of Registered Nurses, March 2000

HIGHS & LOWS	
District of Columbia	\$51,418.10
Iowa	\$33,604.10